BEFORE THE
PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA

Order Instituting Rulemaking on the Commission's Own Motion to Adopt New Safety and Reliability Regulations for Natural Gas Transmission and Distribution Pipelines and Related Ratemaking Mechanisms (U 39 G)	Rulemaking 11-02-019

COMMENTS OF PACIFIC GAS AND ELECTRIC COMPANY ON REPRESENTATIVE JACKIE SPEIER'S PROPOSALS FOR NATURAL GAS TRANSMISSION LINE SAFETY

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Pursuant to Rule 6.2 of the Rules of Practice and Procedure of the California Public Utilities Commission ("CPUC" or "Commission"), and Ordering Paragraph 1 of the Assigned Commissioner's Ruling Requesting Comment on Proposal from Representative Speier, Adding Topic to Report From Pacific Gas and Electric Company, and Revising Schedule for Filing Comments on Order Instituting Rulemaking issued on April 7, 2011, Pacific Gas and Electric Company ("PG&E") submits comments on how best to incorporate Representative Speier's proposals for natural gas transmission line safety.

I. INTRODUCTION

By letter dated April 1, 2011, Representative Speier presented a series of recommended actions to improve consumer safety in the delivery of natural gas. On April 7, 2011, Assigned Commissioner Florio requested comment on how best to incorporate Representative Speier's proposals into the Gas Safety OIR proceeding. PG&E supports Representative Speier's recommendations to improve safety in the delivery of natural gas. Many of these recommendations were also included in the legislation introduced by Representative Speier in the United States House of Representatives earlier this year. PG&E stated that Representative

Speier's bill would "enhance public safety, strengthen oversight, improve accountability, and increase public awareness surrounding natural gas pipelines." We look forward to continuing to work with Representative Speier on her bill to advance pipeline safety legislation at the national level. We also look forward to working with the Commission, legislative bodies, other California gas utilities, and stakeholders to develop new safety rules in the OIR.

On May 10, 2011, Assigned Administrative Law Judge ("ALJ") Bushey issued a Proposed Decision Determining Maximum Allowable Operating Pressure Methodology And Requiring Filing Of Natural Gas Transmission Pipeline Replacement Or Testing Implementation Plans ("May 10 PD"). The May 10 PD would require all California natural gas transmission operators to develop and file a Natural Gas Transmission Pipeline Comprehensive Pressure Testing Implementation Plan ("Implementation Plan"). The Implementation Plans must include proposals to either pressure test or replace all segments of natural gas pipelines which were not pressure tested or lack sufficient details related to performance of any such test as soon as practicable. The Implementation Plans also should address retrofitting pipeline to allow for in-line inspection tools and, where appropriate, automated or remote controlled shut-off valves. The Implementation Plans will be due 60 days after a final Commission decision on the May 10 PD, likely in August, 2011. As discussed further below, the May 10 PD addresses a number of the proposals put forth by Representative Speier.

II. PG&E'S COMMENTS ON REPRESENTATIVE SPEIER'S PROPOSALS

PG&E supports the safety proposals outlined in Representative Speier's April 1 letter. Our recommendations and comments on these topics are described below, in the order in which they are presented in Representative Speier's April 1 letter.

A. Requirement to Disclose the Location of Transmission Pipelines to Any and All First Responders

Representative Speier proposes that the Commission require that gas pipeline operators disclose (in person) the location of transmission pipelines to all first responders, that operators and first responders exchange and maintain emergency contact information and emergency response plans, and that annual contact between the pipeline operator and first responders be made to insure that all exchanged information is current. PG&E supports efforts to enhance coordination and communication between operators and first responders and to regularly exchange information about the location of gas transmission pipelines, emergency contact information, and emergency response plans. We support adoption of expanded emergency response programs in the OIR and agree that Representative Speier's recommendation should be incorporated into such programs. In order to facilitate a more efficient exchange of information, we suggest that "in person" contacts be defined to include group seminars, meetings and training sessions. This will allow pipeline operators to more effectively conduct outreach and allow for first responders and other organizations to share information as well, which may not occur if the requirements only allow for individual meetings with each of hundreds of organizations in our service area.[1] For example, as part of PG&E's existing public safety program, the first responder community is invited, annually, to meet with PG&E to learn about our system and emergency response plans.

PG&E recently piloted a gas transmission pipeline data exchange project with fire responders. The information that was shared included information about valves and pipelines. Valve information included valve location and type of valve (*e.g.* remote/automated/manual). Pipe information included MAOP, line size, line pressure and route. Later in 2011, PG&E will

[1] PG&E provides gas service to customers in 256 cities and 48 counties.

make the data available on-line through www.pge.com to all fire responders, law enforcement, and emergency dispatchers. The on-line system will enable first responders to self-register as an emergency response contact. We will build this information into our emergency response plan, reach-out annually with a request for updates, and use this contact information to invite first responders to attend education seminars, training and exercises.

B. Requirement to Annually Disclose the Location of Transmission Pipelines to Customers

PG&E agrees with Representative Speier's recommendation that operators should notify customers when their home or business is located within 2,000 feet of a natural gas transmission pipeline. PG&E has already begun to notify approximately 2.5 million customers whose residences or places of business are within 2,000 feet of a natural gas transmission pipeline.[2] Included in the mailing along with the notification letter is a natural gas pipeline safety brochure to better educate and inform customers on safety tips and practices. PG&E recommends that such notification be required every three years, in order to maintain cost-effectiveness.

C. Require the CPUC to Establish a Statewide Database of Pipelines Removed from Service

Representative Speier suggests the establishment of a statewide database of pipelines removed from service, containing information about the reason for the removal, the condition of the pipe, including the condition of welds, the pipe's age, and the name of the manufacturer. PG&E believes the intent behind this recommendation is to identify safety trends and potential pipeline risks. PG&E supports this goal, and believes it can best be accomplished through other methods such as regular audits of pipeline operators' Integrity Management Programs, current gas release reporting requirements imposed by GO 112-E and 49 C.F.R. § 191, and the robust

[2] PG&E has also made transmission line location information available on its website, www.pge.com.

testing and replacement Implementation Plan for pipeline segments with no documented pressure test that natural gas transmission operators will submit following the Commission's adoption of the May 10 PD.

In many cases gas pipeline operators abandon old pipelines in place when replacing them, rather than removing them from the ground, in part to avoid unnecessary environmental impacts. In addition, the reasons for abandonment or retirement from service are often unrelated to pipe condition or safety, such as operational requirement or changes, work required by others, relocations, efficiency, equipment updates, capacity increases and interconnections (gas gathering). In those instances, requiring a detailed data gathering effort about the condition of the pipe at the time it is taken out of service would not shed any light on safety trends or risks.

D. Require Installation of Automatic, or Remote Control Shut-off Valves in HCAs or Along an Earthquake Fault

Representative Speier proposes that the CPUC require installation of automatic or remote control shut-off valves every five miles on lines that are in a high consequence area ("HCA"), or that run along an earthquake fault. PG&E endorses the expanded use of automated valves — including Remote Control Valves ("RCV") and Automatic Shut-off Valves ("ASV") — in locations in which they can deliver the greatest safety impact. PG&E's Valve Automation Program is a critical part of PG&E's Pipeline 2020 Program, and our proposal for valve automation will be included in the Implementation Plan called for by ALJ Bushey's May 10 PD.

Our one comment on Representative Speier's proposal pertains to the five mile spacing guideline. It is important to maintain flexibility in valve spacing requirements, as there may be some installations, for example, where it may be necessary to exceed the five mile spacing objective in order to efficiently and safely install replacement valves. Of course, targeted automated valves where major gas transmission pipelines within HCAs cross active earthquake

faults will be placed where they can be most effective, not necessarily in five mile increments. PG&E believes that it would be appropriate to adopt the five mile spacing standard as a general objective but allow flexibility by incorporating the existing valve spacing requirements defined in 49 C.F.R. § 192.179 (a) in the rule. In addition, the rule should make clear that it is acceptable to automate existing valve locations, rather than requiring operators to install new or additional valves for pipeline segment isolation.

E. Require the CPUC to Audit Integrity Management Plans Every Two Years

Representative Speier proposes that the CPUC audit the integrity management plans of all operators every two years, and that audit exceptions that are deemed critical shall be responded to within 24 hours, while all other exceptions must be responded to within 30 days. PG&E supports a two-year Integrity Management Program audit cycle, but recommends that any rule refer to a "safety related condition," as defined in 49 C.F.R. § 191.23, rather than a "critical" audit exception.

In addition, a 24 hour response time for safety-related conditions revealed in an audit may not be sufficient in all situations. Therefore, PG&E recommends that, if a "safety related condition" is raised in a CPUC Integrity Management Program audit report, the rule would require that the audit exception be acted upon and responded to "promptly." PG&E would work closely with the Commission to determine what an appropriate response would be for a given safety-related audit exception. PG&E supports a response period of 30 days for all other audit exceptions.

F. Operators May Not Maintain Historical MAOPs by Intentional Increasing of Pressure to or Beyond the MAOP Level

Representative Speier recommends that a new rule be adopted to make clear that an operator may not maintain historical MAOPs by intentionally increasing pressure to or beyond

the MAOP level. In the OIR, the Commission is already considering a proposed new rule that would address this issue.

PG&E agrees that the rules should be changed to prohibit non-operationally-required pressure increases to maintain the maximum operating pressure ("MOP") of pipeline segments. Accordingly, our OIR Comments recommended revising the Commission's proposed rule to explicitly prohibit non-operationally-required pressure increases for pipe segments that meet any of the four criteria in the Commission's proposed new rule. The revised proposed rule proposed by PG&E meets Representative's Speier's objective by explicitly prohibiting non-operationally-required pressure increases. *See* page 11 of PG&E's April 13, 2011 OIR Comments. For purposes of this proposed rule, a "non-operationally-required pressure increase" is one that is made for any purpose other than to meet load or operational conditions on the operator's pipeline system. "Non-operationally-required pressure increases" include, for example, pressure increases designed to maintain the five-year maximum operating pressure of a pipeline segment.

G. Require Operators to Reduce Pressure, Hydrotest, or Replace Where Operators Do Not Have Documentation that a Pipeline Segment Has Been Pressure Tested

Representative Speier proposes that, if an operator does not have documentation that a pipeline segment has been pressure tested, then the operator must either: (1) reduce pressure on that segment by 20 percent; (2) hydrotest that segment; or (3) replace that segment.

PG&E agrees that additional safety steps should be taken for pipeline segments where pressure test records have not been located (or were not required at the time of installation). We are actively addressing this issue and have already commenced pressure testing on a number of pipeline segments. The May 10 PD requires California gas pipeline operators to submit an Implementation Plan to prioritize all transmission pipeline segments with no documented pressure test for either replacement or hydrotesting, as well as interim measures to be employed

(such as pressure reductions) pending such testing or replacement.. Thus, the Implementation Plan called for in the May 10 PD will address Representative Speier's proposal on this topic.[3]

H. Establish a Rule for the Duration of Pressure Test

Representative Speier recommends that the Commission establish a rule addressing the duration of a pressure test. 49 C.F.R. § 192.505 requires a minimum 8 hour pressure test for pipelines operating with a hoop stress greater than 30 percent. 49 C.F.R. § 192.507 requires a minimum 1 hour pressure test for pipelines operating with a hoop stress less than 30 percent but with pressure greater than 100 psig. The Commission has already incorporated the federal standards set forth in the C.F.R. in GO 112-E, Rules 101.2 and 104.1. Therefore, we believe that the Commission has already addressed Representative Speier's recommendation.

I. Define the "Most Conservative Value" to be Assigned to any Segment of Pipeline that Does Not Have a Record of Being Pressure Tested

Representative Speier's letter asks the Commission to define the "most conservative value" to be assigned to any segment of pipeline that does not have a record of being pressure tested. The May 10 PD, if adopted by the Commission, will require all California natural gas pipeline operators to develop an Implementation Plan to either hydrotest or replace all segments of pipe that do not have a documented pressure test. The May 10 PD also calls on PG&E to continue its efforts to determine MAOP by component calculation through a pipeline features analysis, and approves PG&E's use of the lower of the calculated or existing MAOP in operations and, where prudent, to lower operating pressure as an interim measure pending replacement or testing. PG&E's use of values to determine component calculations for the interim MAOP (pending hydrotesting or replacement), including the validity of PG&E's

[3] Although Representative Speier's April 1 letter was focused on hydrotesting, PG&E does not believe that pipeline operators should be limited to hydrotesting, but should instead also consider pressure testing with air or inert gas where appropriate.

assumptions, will be addressed in the evaluation of PG&E's Implementation Plan submitted as part of the Gas Safety OIR.

J. Require Operators to Report Any Increases Over MAOP Within 24 Hours

Representative Speier recommends that the Commission adopt a rule requiring reporting of any MAOP exceedence within 24 hours. The OIR proposes a rule change to General Order (GO) 112-E, Section 122.2 to address this topic. PG&E stated in its OIR Comments that it supports the proposed rule, with certain clarifications. *See* pages 12-14 of PG&E's April 13, 2011 OIR Comments.

K. Require Operators to Provide a Replacement Plan for any Pipeline Installed Prior to 1961 in HCAs

Representative Speier recommends that the Commission require every operator in the state to provide a replacement plan for any pipeline installed prior to 1961 in an HCA. Each plan shall contain a timeframe for replacement beginning with the highest risk pipeline and descending to the lowest risk pipeline.

The May 10 PD also calls for a replacement plan, although the scope is different from the plan suggested by Representative Speier. If the Commission adopts the May 10 PD, every pipeline operator in California will be required to submit an Implementation Plan that will include a proposal to either pressure test or replace all segments of natural gas pipelines that were not pressure tested or lack sufficient details related to performance of any such test. As explained in Section II.M of these Comments, age of a pipeline is an important, but not the only, factor to consider when determining if a pipeline should be replaced. The decision to replace a pipeline should include all pipeline threats and risk factors including physical pipeline attributes such as type of long-seam, fabrication and construction methods, type/condition of coating, operating pressure, SMYS, Class Location, HCA, relevant testing information, and

operating and maintenance history.

L. Require that All Pipe Sold by Consolidated Western be Inspected and Tested, or Replaced

Representative Speier recommends that the Commission adopt a rule requiring that all pipe sold by Consolidated Western be inspected, tested or replaced. The NTSB investigation has not yet identified the root cause of the San Bruno accident and has not yet confirmed that the ruptured segment was manufactured by Consolidated Western. In all events, a potential manufacturing threat is one of many factors that should be considered in determining whether to test or replace a pipeline. As explained in these Comments, PG&E will submit an Implementation Plan in response to the May 10 PD that calls for either testing or replacement of all pipeline segments that have no documented pressure test, including those manufactured by Consolidated Western. In the course of developing that Implementation Plan, PG&E will consider all potential threats to a pipeline, including manufacturing-related threats, and formulate a plan to mitigate those threats.

M. Promulgate a Rule for How the Age of a Pipeline Shall be Considered a Risk Factor and How the Inability to Utilize Internal Inspection Equipment Increases Risk as Pipe Ages

Representative Speier asks that the Commission promulgate a rule for how the age of a pipeline shall be considered a risk factor and how the inability to utilize internal inspection equipment increases risk as pipe ages. PG&E agrees with Representative Speier that age is one of the factors that should be considered when assessing a pipeline. However, age is not the only risk factor that should be considered. In addition, existing federal regulations require gas operators to consider pipeline age and the presence or absence of past pipeline assessments, including but not limited to in-line inspection, strength testing, direct assessment, visual inspection, or other inspection means as contributing factors for pipeline risk assessment.

In-line inspection feasibility is determined by physical pipe characteristics such as wall thickness, bend types or configuration, diameters, and taps; operational characteristics such as flow and pressure; and construction characteristics such as girth weld designs and valve bores. While certain vintages or pipe ages have a higher probability of these characteristics, a direct correlation between pigging feasibility and pipe age alone cannot be made.

Since age of pipeline is currently addressed in the Code of Federal Regulations, a separate rule is not necessary. PG&E urges the Commission to continue regular audits of PG&E's Pipeline Integrity Management Program, where pipeline risk assessment and preventative and mitigative measures can be discussed, shared, and addressed.

N. Increase CPUC's Funding to Provide More Inspectors

PG&E would welcome increased CPUC funding to provide for more inspectors.

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III. CONCLUSION

The safe operation of our natural gas pipelines must be the top priority of both the pipeline operators and those charged with their regulation. PG&E commends Representative Speier for her April 1 proposals, and it commits to working closely with all affected stakeholders to develop new rules and regulations to make natural gas delivery safer.

Respectfully submitted,

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